

Message Text

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12/22

ACTION EB-07

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FM AMCONSUL KARACHI

TO SECSTATE WASHDC PRIORITY 0557

USMISSION GENEVA PRIORITY

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GENEVA FOR SPRUCE

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: TEXTILES: TSB REPORT ON MFA IMPLEMENTATION

REF: STATE 201910

1. FOLLOWING IS REVISED DRAFT CONTRIBUTION FOR TSB'S CONTRIBUTION ON US, AS EDITED BY US TEXTILE TEAM. IF WASHINGTON AGENCIES CONCUR, ADVISE MORLEY THROUGH SPRUCE SOONEST, BEFORE MOBLEY LEAVES GENEVA. TEXTILE TEAM ASSUMES WASHINGTON WILL FORWARD TO MORLEY AND SPRUCE INFO REFERRED TO IN LAST PARA REFTEL. TEXT FOLLOWS BELOW:

2. BEGIN TEXT:

COUNTRY REPORT USA:

(A) FULFILLMENT OF ITS MFA OBLIGATIONS HAS BEEN A BASIC OBJECTIVE OF U.S. TEXTILE TRADE POLICY SINCE ACCEPTANCE OF THE ARRANGEMENT IN 1974. AT THAT TIME, THE UNITED STATES BEGAN ITS REVIEW OF ALL RESTRAINTS AS CALLED FOR IN ARTICLE 2:1. IN ALL, THE UNITED STATES HAD 30 BILATERAL TEXTILE AND APPAREL AGREEMENTS IN PLACE, AND FOUR UNILATERAL IMPORT RESTRAINTS TAKEN UNDER ARTICLE 3 OF THE LIMITED OFFICIAL USE
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LONG-TERM ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES (LTA).

B) AS A RESULT OF THIS REVIEW, THE UNITED STATES TERMINATED TWELVE

OF THESE BILATERAL RESTRAINT AGREEMENTS AND ALL OF ITS UNILATERAL IMPORT RESTRAINTS. THE TWELVE TERMINATED BILATERAL RESTRAINT AGREEMENTS WERE WITH: CZECHOSLOVAKIA, EL SALVADOR, GREECE, HUNGARY, ITALY, JAMAICA, MALTA, NICARAGUA, PERU, PORTUGAL, SPAIN AND YUGOSLAVIA. WITH THE EXCEPTION OF EL SALVADOR, ALL OF THE AGREEMENTS WHICH PROVIDED FOR TERMINATION OF RESTRAINTS ALSO PROVIDE FOR CONSULTATIONS BETWEEN THE PARTIES SHOULD ISSUES ARISE CONCERNING THEIR TEXTILE TRADE. THE TERMINATED ARTICLE 3 RESTRAINTS WERE WITH BELIZE, BARBADOS, COSTA RICA AND GHANA.

C) THE UNITED STATES RENEGOTIATED BILATERAL AGREEMENTS WITH BRAZIL, COLOMBIA, EGYPT, HAITI, HONG KONG, INDIA, JAPAN, KOREA, MACAO, MALAYSIA, MEXICO, PAKISTAN, PHILIPPINES, POLAND, REPUBLIC OF CHINA, ROMANIA, AND SINGAPORE. IN ADDITION TO LIBERALIZING ACCESS FOR COTTON TEXTILE PRODUCTS IN ORDER TO BRING AGREEMENTS CONCLUDED PRIOR TO MFA INTO CONFORMITY WITH THE MORE GENEROUS PROVISIONS OF THE MFA, THE NEW AGREEMENTS WITH COLOMBIA, HAITI, MEXICO, THE PHILIPPINES AND THAILAND COVERED TEXTILE PRODUCTS OF MAN-MADE FIBER AND WOOL. THE MARKET ACCESS AFFORDED TO THESE NEWLY COVERED PRODUCTS SUBSTANTIALLY EXCEEDED PREVIOUS TRADE LEVELS.

D) IN NEGOTIATING NEW AGREEMENTS AND REVISING PREVIOUS AGREEMENTS, FOLLOWING ACCEPTANCE OF THE MFA AND IN THE FACE OF THE MOST SEVERE TEXTILE RECESSION SINCE WORLD WAR II, THE UNITED STATES PROVIDED TO THE COUNTRIES WITH WHICH IT HAS BILATERAL TEXTILE AGREEMENTS INCREASES IN ACCESS TO THE UNITED STATES MARKET WHICH SUBSTANTIALLY EXCEED THE RATE OF INCREASE REQUIRED UNDER PARAGRAPH 2 OF ANNEX B OF THE MFA. AGREEMENTS PROVISIONS WERE ALSO LIBERALIZED, INCLUDING THOSE WHICH APPLY TO ANNUAL GROWTH RATES. FLEXIBILITY, CARRYOVER AND CARRY FORWARD GRANTED WERE EQUAL TO OR EXCEEDED THE REQUIREMENTS OF THE MFA. WITHIN THE AGGREGATE LEVEL OF THE AGREEMENTS, MANY SPECIFIC CEILINGS WERE REPLACED BY LEVELS THAT ARE SUBJECT TO CONSULTATIONS. IN MANY CASES, LEVELS FOR SIMILAR PRODUCTS WERE COMBINED TO PERMIT 100 PERCENT FLEXIBILITY SO THAT THE EXPORTING COUNTRY COULD REACT MORE

QUICKLY TO MARKET CHANGES AND TAKE ADVANTAGE OF A LEVEL WHICH EXCEEDED LIMITED OFFICIAL USE
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EFFECTIVELY WAS LARGER THAN BEFORE. THE UNITED STATES GRANTED EXCEPTIONS

FOR COTTAGE INDUSTRY PRODUCTS AND TRADITIONAL TEXTILES ITEMS IN ACCORDANCE WITH ARTICLE 12:3. IN ADDITION, THE UNITED STATES UNILATERALLY ELIMINATED A NUMBER OF PRODUCTS FROM THE PURVIEW OF THE BILATERAL AGREEMENTS.

E) IN IMPLEMENTING THE NEW AGREEMENTS, THE UNITED STATES HAS SOUGHT TO CARRY OUT BOTH THE LETTER AND THE SPIRIT OF THE MFA. WHEREEVER POSSIBLE, THE UNITED STATES HAS BEEN FLEXIBLE AND RESPONDED POSITIVELY TO REQUESTS FROM BILATERAL PARTNERS THAT

WOULD HELP THEM MAXIMIZE THEIR EXPORT POTENTIAL. THE UNITED STATES HAS ACCEPTED REQUESTS FROM BILATERAL PARTNERS TO RAISE CONSULTATIONS LEVELS WHENEVER IT WAS BELIEVED SUCH INCREASES WOULD NOT WORSEN SERIOUS MARKET PROBLEMS. TECHNICAL ASSISTANCE AND ADMINISTRATIVE TRAINING HAVE BEEN GIVEN TO MANY BILATERAL PARTNERS TO HELP THEM FULLY UTILIZE THE VARIOUS FEATURES OF THEIR AGREEMENTS AND TO MINIMIZE THE NUMBER OF ADMINISTRATIVE PROBLEMS THAT MIGHT ARISE.

F) TEXTILE TRADING PARTNERS OF THE UNITED STATES HAVE BEEN PROVIDED WITH SIGNIFICANT OPPORTUNITIES TO EXPAND THEIR TEXTILE AND APPAREL EXPORTS TO THE UNITED STATES MARKET. IN PROVIDING SUCH OPPORTUNITIES, THE UNITED STATES ENDEAVORED TO KEEP FULLY IN MIND ITS OBLIGATIONS UNDER THE MFA AND ITS OBJECTIVE OF SEEING INTERNATIONAL TRADE IN TEXTILES INCREASE WITHOUT INCURRING MARKET DISRUPTION OR THE THREAT THEREOF. THE UNITED STATES BELIEVES IT FILLED ITS MFA OBLIGATIONS PROMPTLY AND IN CONFORMITY WITH THE INTENT OF THE ARRANGEMENT'S DRAFTERS. THE MFA PROVIDED THE STIMULUS FOR THIS LIBERALIZING EFFORT AND FOR THIS REASON -- AND MANY OTHERS -- THE UNITED STATES BELIEVES STRONGLY THAT THE MFA MERITS
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EXTENSION. END TEXT.
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